

2015

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2015

Offered by Educators Financial Group
Portfolio Advisor: Aegon Capital Management Inc., Toronto, Ontario

Educators Money Market Fund



This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1.800.263.9541, by writing to us at Educators Financial Group, 2225 Sheppard Ave. East, Suite 1105, Toronto, Ontario, M2J 5C2, or by visiting our website at www.educatorsfinancialgroup.ca or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objectives and Strategies

The investment objective of the Educators Money Market Fund (the "Fund") is to produce a high level of interest income consistent with the goal of preserving invested capital. The Fund invests primarily in Canadian government treasury bills and other high quality short-term Canadian corporate debt instruments of not more than one year to maturity, selecting a variety of investment maturities based on the interest rate outlook, analyzing the credit-worthiness of various issuers and achieving a diversified portfolio by allocating investments among government and corporate securities.

Risk

The risks of investing in the Fund remain as discussed in the Simplified Prospectus. No changes affecting the overall level of risk of investing in the Fund were made to the Fund in the one-year period ending December 31, 2015.

Results of Operations

For the twelve-month period ending December 31, 2015, the Fund provided a return of 0.25%, versus the FTSE TMX Canada 91 Day Treasury Bill Index (the "Benchmark") return of 0.63%. Note that investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in index returns.

The Fund's net assets decreased by 4.0% to \$19.4 million at the end of December 2015, down from \$20.2 million at the end of December 2014.

The Fund held 26.5% of its investments in a combination of R-1 high rated corporate paper, R-1 high rated bank-sponsored asset-backed commercial paper, and bankers' acceptances. The balance was invested in Government of Canada treasury bills. The term of the portfolio has remained in line with that of the Benchmark, and averaged 90 days over the year.

Fears of an economic slowdown, in China and globally, significantly impacted the Canadian economy, contributing to a sharp fall in commodity prices. The slowdowns lead to two domestic interest rate cuts by the Bank of Canada (BoC) totaling 0.50%, and 16.0% depreciation in the Canadian dollar.

Throughout the first nine months, Fund performance was impacted by Canadian treasury yields - pushed lower due to a lack of issuer supply - increased demand caused by investor uncertainty, and unusually large portfolio cash balances. A surprising reversal occurred in mid-November, as customers held on to their cash, available cash balances decreased substantially and the supply of treasury bills increased. Canadian treasury yields drifted much higher than they would have under normal circumstances and benefitted Fund performance.

In the October Monetary Policy Report (MPR), the BoC projected real GDP growth of just over 1% in 2015 and approximately 2% in 2016. However, the continued decline of oil prices and reduced business investment in the oil sands could result in the slowdown extending into 2016. Markets are expecting that the fiscal stimulus promised by the new Liberal government will support domestic growth. While Canadian headline inflation continued to be at the bottom of the BoC's target range in 2015, reflecting year-over-year price declines for consumer energy products, because of the depreciating dollar the core measure continued to be above the Bank's mid-range target of 2.0%. Overall, the BoC has stated that inflation is in line with its October outlook. Canadian employment rose less than 1% for a second consecutive year, with a total of 158,100 jobs created. The unemployment rate rose to 7.1%, as the participation rate increased. Potential further layoffs in Canada's energy-producing regions suggest little improvement in 2016. Slow growth and negative economic indicators could result in further action on the part of the BoC during 2016, which could further impact money market returns.

Recent Developments

On January 20, 2016, the BoC held the overnight interest rate steady at 0.50%. Bank of Canada Governor Stephen Poloz has made it clear that even as the Federal Open Market Committee (FOMC) begins to hike rates, Canadian rates will not necessarily follow, but that action will depend on the strength of the Canadian economy and labour market. The statement described the risks to inflation as balanced, and projections do not yet include the positive impact of fiscal measures expected in the next Federal budget. As such, the BoC feels that the current level of rates is appropriate.

For the first time in seven years, on December 16 the FOMC raised its target range from 0.00-0.25% to 0.25-0.50%, based on improved economic data. Despite the hike, monetary policy remains accommodative and the FOMC expects only gradual increases in the Fed Funds rate, going forward. The FOMC held rates steady at their January 26 meeting.

With the continued decline in oil prices at the end of the year, and investors concerned that gains in non-energy exports are not enough to sustain a recovery, Canadian treasury yields have begun to reflect the possibility of another rate cut for the first half of 2016.

We continue to take advantage of yield-enhancing opportunities as they arise. The Fund will continue to hold approximately 25% to 30% in a combination of commercial paper, provincial guaranteed paper, bank-sponsored asset-backed commercial paper and banker's acceptances to complement the Fund's holdings in Government of Canada Treasury Bills.

Caution Regarding Forward-looking Statements

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ

materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

It should be stressed that the above-mentioned list of factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements, whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

Related Party Transactions

Aegon Capital Management Inc. ("ACM"), the Fund's Portfolio Adviser, is an indirect, wholly-owned subsidiary of Wilton Re Ltd., effective July 31, 2015. Wilton Re Ltd. is not a publicly listed company.

In 2015 Educators Financial Group did not refer any conflict of interest matters to the Fund's Independent Review Committee (IRC) and accordingly did not rely upon any recommendation of the IRC in respect of any related party transactions.

Educators Financial Group is the Manager and Trustee of the Fund. Educators Financial Group is a wholly-owned subsidiary of the Ontario Secondary School Teachers' Federation ("OSSTF"). OSSTF may from time to time invest in units of the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for each year ended December 31 for the past five years.

The Fund's Net Assets per Unit ⁽¹⁾

	Year ended December 31				
	2015	2014	2013	2012	2011
Net Assets, beginning of period	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Increase (decrease) from operations:					
Total revenue	\$0.08	\$0.10	\$0.11	\$0.10	\$0.11
Total expenses [excluding distributions]	\$(0.06)	\$(0.06)	\$(0.06)	\$(0.06)	\$(0.06)
Realized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--
Unrealized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--
Total increase (decrease) from operations ⁽²⁾	\$0.02	\$0.04	\$0.05	\$0.04	\$0.05
Distributions:					
From net investment income (excluding dividends)	\$0.02	\$0.04	\$0.05	\$0.04	\$0.05
From dividends	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.02	\$0.04	\$0.05	\$0.04	\$0.05
Net Assets , end of period	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

⁽¹⁾ This information is derived from the Fund's audited annual financial statements.

For the financial year beginning after January 1, 2014, the financial highlights were derived from the Fund's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

For the financial year ended December 31, 2013, the financial highlights numbers were restated to comply with IFRS reporting.

For financial years beginning before January 1, 2013, the financial highlights were derived from the Fund's financial statements prepared in accordance with Canadian GAAP.

For financial years beginning after January 1, 2013, all references to "Net Assets" or "Net Assets per Unit" in these financial highlights are references to net assets attributable to holders of redeemable units determined in accordance with IFRS as presented in the financial statements of the Fund.

⁽²⁾ Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

⁽³⁾ Distributions were either paid in cash or reinvested in additional units of the Fund.

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31				
	2015	2014	2013	2012	2011
Net Asset Value (000's) ⁽¹⁾	\$19,434	\$20,163	\$20,931	\$28,417	\$33,644
Number of units outstanding ⁽¹⁾	1,943,435	2,016,314	2,093,122	2,841,737	3,364,393
Management expense ratio ⁽²⁾	0.53%	0.59%	0.59%	0.59%	0.59%
Management expense ratio before waivers or absorptions ⁽³⁾	0.62%	0.62%	0.62%	0.62%	0.62%
Trading expense ratio ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A
Net Asset Value per unit	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

⁽¹⁾ This information is provided as at December 31 of the year shown.

⁽²⁾ Management expense ratio is based on total expenses (excluding [distributions], commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.



- (3) The management expense ratio before waivers or absorptions shows what the management expense ratio of the Fund would have been if Educators Financial Group had not charged a lesser amount for its management fee.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

Management Fees

Educators Financial Group is the Manager-Trustee, promoter and principal distributor of the Fund, and is responsible for the day-to-day management and administration of the Fund.

The Manager-Trustee monitors and evaluates the performance of the Fund, and pays for the investment management services of the portfolio adviser, as well as all administrative services required by the Fund. As compensation for these services, the Manager-Trustee is entitled to receive a fee payable monthly, calculated daily, and based on the Net Asset Value of the Fund, at a maximum annual rate of 0.55%.

The Fund is responsible for paying any applicable tax owing on its management fee.

Approximately 27.0% of the management fees were used to pay for portfolio management services, with the remainder of the fees allocated to custodial services, marketing, technology and Manager-Trustee operating expenses.

PAST PERFORMANCE

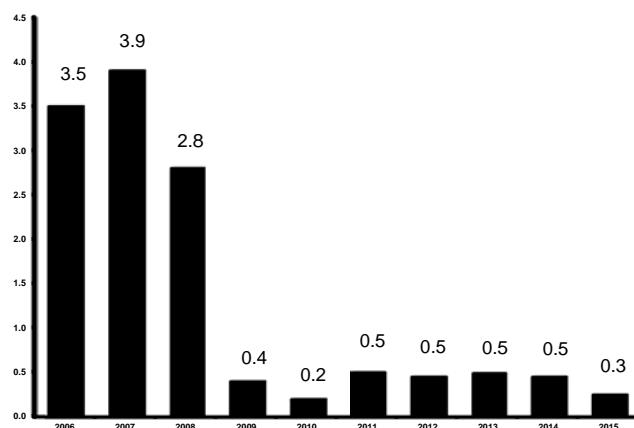
General

The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

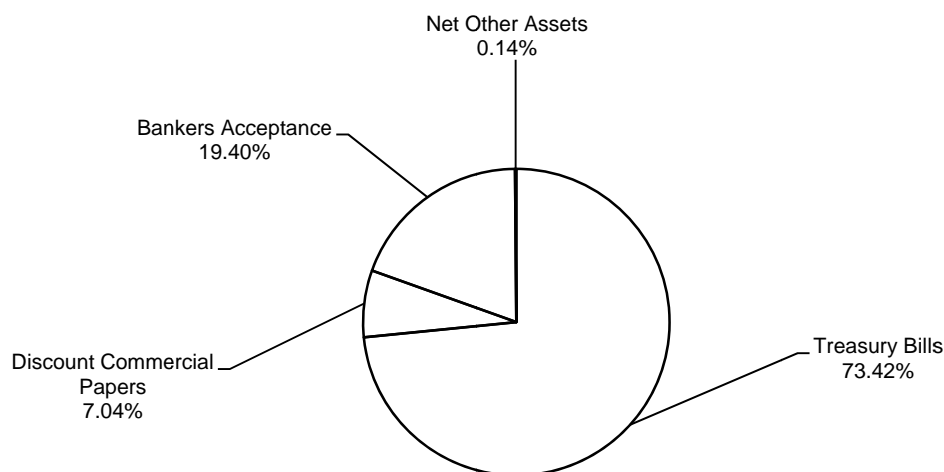
The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Please remember that how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's performance for each of its past 10 financial years and illustrates how the Fund's performance has changed for each 12-month period ending December 31. The chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.



SUMMARY OF INVESTMENT PORTFOLIO (Based on Net Asset Value)



Top Holdings

Security Name	Coupon Rate	Maturity Date	Percentage of Net Asset Value
Canada Treasury Bill	0.51%	June 30, 2016	12.90%
Canada Treasury Bill	0.45%	February 25, 2016	10.61%
Canada Treasury Bill	0.43%	January 5, 2016	10.41%
Canada Treasury Bill	0.45%	June 2, 2016	10.39%
Canada Treasury Bill	0.49%	May 19, 2016	9.41%
Canada Treasury Bill	0.51%	April 7, 2016	7.94%
Canada Treasury Bill	0.38%	February 11, 2016	7.72%
Bank of Montreal	0.74%	January 5, 2016	3.96%
Bank of Nova Scotia	0.78%	March 2, 2016	3.96%
OMERS Finance Trust	0.75%	March 3, 2016	3.96%
Royal Bank of Canada	0.64%	February 5, 2016	3.95%
Toronto Dominion Bank	0.87%	May 13, 2016	3.95%
Canadian Imperial Bank of Commerce	0.68%	January 29, 2016	3.59%
Clarity Trust	0.75%	January 8, 2016	3.08%
Canada Treasury Bill	0.48%	June 16, 2016	3.00%
Canada Treasury Bill	0.46%	April 21, 2016	1.03%
Total Net Assets (000's)			\$19,434

The summary of investment portfolio of the Fund is as at December 31, 2015 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

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